

## Message Text

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ACTION IO-13

INFO OCT-01 ISO-00 IOE-00 ACDA-10 CIAE-00 INR-07 L-03

NSAE-00 NSC-05 EB-07 NRC-07 OES-06 FEAE-00 DODE-00

OMB-01 TRSE-00 AF-08 ARA-10 EA-09 EUR-12 NEA-10 /109 W

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P 031627Z DEC 76

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 8435

INFO USERDA WASHDC PRIORITY

USERDA HQ GERMANTOWN PRIORITY

AMEMBASSY ISLAMABAD

USMISSION USUN NEW YORK

UNCLAS ECTION 1 OF 2 IAEA VIENNA 9993

PASS IO/SCT

ALSO PASS NRC

EO 11652: NA

TAGS: AORG, EAID, IAEA

SUBJECT: 1976 TECHNICAL ASSISTANCE COMMITTEE (TAC) SUMMARY OF  
DISCUSSION AND DECISION

REF: A) STATE 291441, B) IAEA VIENNA 9563, C) STATE 289515

1. SUMMARY: IN LONG FULL DAY MEETING, 1976 TAC APPROVED  
PROGRAM AS OUTLINED IN GOV/COM.8/56 WITH "AMPLIFICATION"  
OF PARAGRAPH 10 OF THAT DOCUMENT (RECOMMENDATIONS BY  
THE DIRECTOR GENERAL) PROPOSED BY REPRESENTATIVE OF  
PAKISTAN WHICH HIGHLIGHTED WHAT DEVELOPING STATES  
CONSIDERED "GROWING DISPARITY" BETWEEN RESOURCES FOR  
TA AND SAFEGUARDS IN AGENCY, AND ASKED BOARD OF  
GOVERNORS TO CONSIDER "APPROPRIATE EFFECTIVE MEASURES  
TO SECURE EXTRA RESOURCES". SAFEGUARDS QUESTION  
IN PARA. 6 OF SAME DOCUMENT WAS CONSISTENTLY REFERRED  
TO BE DEVELOPING STATES WHICH QUESTIONED AUTHORITY  
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OF SECRETARIAT ANDDG TO ESTABLISH "POLICY" IN

OUTLINING CRITERIA ACCORDING TO WHICH SAFEGUARDS WOULD BE APPLIED TO TECHNICAL ASSISTANCE. U.S. STATEMENT REAFFIRMED POSITION THAT SAFEGUARDS SHOULD BE APPLIED TO TA PROJECTS AND AUTHORITY OF AGENCY TO DO SO. U.S. REP ALSO ANNOUNCED U.S. PLEDGE OF \$1,650,600 IN VOLUNTARY CASH CONTRIBUTION AND SUBSTANTIAL INCREASE IN U.S. GIFTS-IN-KIND FOR 1977. END SUMMARY.

2. IN EXCELLENT OPENING STATEMENT DDG FOR TA (BITTENCOURT) SPOKE FRANKLY ABOUT "POSITIVE AND NEGATIVE" ASPECTS OF AGENCY'S PROGRAM OF TECHNICAL ASSISTANCE IN FORM OF EXPERTS AND EQUIPMENT TO BE PROVIDED IN 1977 FROM THE AGENCY'S OWN RESOURCES. HE NOTED THAT 174 PROJECTS IN 61 COUNTRIES HAD BEEN SELECTED FROM TOTAL OF 289 REQUESTS FROM 67

COUNTRIES IN SUBJECTS NOT MARKEDLY DIFFERENT FROM PREVIOUS YEARS (I.E. URANIUM EXPLORATION, INTRODUCTION OF NUCLEAR POWER, LIFE SCIENCES, AND NATURAL SCIENCES INFRASTRUCTURE). OVERALL SUBMISSIONS WERE DISAPPOINTING, HE SAID, ALLOWING AGENCY TO CHOOSE ONLY 60 PERCENT OF TOTAL REQUESTS RECEIVED. SOME WERE UNREASONABLY LARGE (E.G., HALF MILLION DOLLARS FOR EQUIPMENT); OTHERS WERE TURNED DOWN BECAUSE OF LOW PRIORITY IN COUNTRY, CHANCE OF UNDP FUNDING, OR BEING TECHNICALLY UNSOUND. HE SOUGHT GREATER ATTENTION TO SUCH REQUESTS NEXT YEAR BY LDC'S, AND SAID AGENCY WILL

SEND PLANNING MISSIONS TO ASSIST COUNTRIES IN PREPARATIONS IN FUTURE YEARS.

3. DDG DREW ATTENTION TO POSSIBLE NEED FOR SAFEGUARDS ON ANY PROJECTS IN FIELDS OF REPROCESSING AND ENRICHMENT, SAID AGENCY ALSO ENVISIONS NEED FOR SAFEGUARDS ON HEAVY WATER PRODUCTION AND PLUTONIUM FUEL HANDLING, AND MENTIONED ONE OR TWO UNCLASSIFIED

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PROJECTS FROM CURRENT LIST WOULD BE SENT TO BOARD OF GOVERNORS FOR APPROVAL OF SAFEGUARDS AGREEMENTS IN FEBRUARY. HE POINTED OUT THAT WORKING DRAFTS OF SUCH AGREEMENTS SOON WILL BE AVAILABLE FROM SECRETARIAT. COMMENT: THIS SECTION OF DDG'S STATEMENT DREW HEAVY FIRE FROM LDC'S AS REPORTED BELOW PARA. 7. END COMMENT.

4. DDG ALSO COVERED FACT THAT IN 1976 PROGRAM, OF THE 20 PERCENT OF TOTAL APPROVED PROGRAM FOR WHICH INSUFFICIENT FUNDS EXISTED TO IMPLEMENT PROJECTS (COMMONLY REFERRED TO AS FOOTNOTE "A" PROJECTS) ONLY 20 PERCENT OF THESE WERE PICKED UP BY THE DONOR STATE. (NOTE: U.S.). HE SAID COSTS OF EXPERTS IS INCREASING FROM \$3,000 PER MONTH TO \$3,500; THAT SAVINGS FROM GIFTS-IN-KIND (E.G. U.S. EQUIPMENT GRANTS) WERE ENTIRELY USED UP IN OFFSETTING INFLATION AND COST OVERRUNS; THAT 77 PERCENT OF REQUESTS FOR FELLOWSHIPS FROM DEVELOPING STATES HAD BEEN GRANTED; AND THAT NUCLEAR POWER TRAINING COURSES WERE PROCEEDING SUCCESSFULLY IN THREE LOCATIONS (INCLUDING U.S. COURSE AT ARGONNE) AND HAD TRAINED ABOUT 150 INDIVIDUALS SO FAR. HE NOTED FINALLY THAT AGENCY PLANNED TO INCREASE NUMBER OF TRAINING COURSES IN 1977 TO 16, UP FROM 9 IN 1976.

5. PAKISTAN REPRESENTATIVE THEN TOOK FLOOR TO DELIVER FUNDAMENTAL POSITION OF LDC'S WHICH WAS THEN REITERATED BY MANY OF HIS COLLEAGUES FROM DEVELOPING COUNTRIES. HE BEGAN BY POINTING OUT "CONTEXT" OF 1977 PROGRAM IN TERMS OF GROWTH OR LACK THEREOF OVER 1976 PROGRAM. HE NOTED THAT 1977 PROGRAM PROVIDED ONLY ABOUT \$4.0 MILLION FOR EXPERTS AND EQUIPMENT FOR WHICH FUNDS AVAILABLE IN 1977, COMPARED TO \$3.8 MILLION IN 1976 (AROUND 6 PERCENT INCREASE), WHILE COST OF EXPERT SERVICES HAD INCREASED BY 16.7 PERCENT (\$3,000 TO \$3,500 PER MAN MONTH). HE NOTED THAT INFLATION HAD ALSO HIT EQUIPMENT PRICES. THUS, HE ARGUED, THIS ASPECT OF TA PROGRAM WAS SUFFERING

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REAL DECLINE OF OVER 10 PERCENT. COMPARED WITH BUDGETARY (NOT INCLUDING PRICE) INCREASE IN SAFEGUARDS OF OVER 14 PERCENT, TOTAL DISPARITY IN RELATIVE GROWTH OF SAFEGUARDS VERSUS TA WAS ABOUT 25 PERCENT. HE SAID HE HAD NO PROBLEM WITH SAFEGUARDS PROGRAM; THAT IT WAS ESSENTIAL. BUT HE HELD THAT TA HAD TO GROW IN SOME PARITY WITH SAFEGUARDS, AND CHARACTERIZED DICHOTOMY AS ONE BETWEEN PROMOTIONAL AND REGULATORY ASPECTS OF

AGENCY'S RESPONSIBILITIES.

6. TURNING TO SECRETARIAT'S METHODS OF DETERMINING WHICH PROJECTS SHOULD BE IMPLEMENTED, PAKISTAN

REP ASKED HOW DISTINCTION WAS MADE BETWEEN APPROVED PROJECTS FOR WHICH FUNDS AVAILABLE, AND THOSE UNDER FOOTNOTE "A" FOR WHICH FUNDS NOT EXPECTED TO BE AVAILABLE. HE HELD THAT GUIDELINES (NOTE: MEANING QUOTAS) SHOULD BE FORMULATED TO ENABLE DEVELOPING MEMBERS TO PLAN THEIR SUBMISSIONS MORE IN LINE WITH ANTICIPATED AVAILABILITY OF FUNDS.

7. FINALLY, PAKISTAN REP RAISED QUESTION OF AUTHORITY UNDER WHICH SECRETARIAT COULD "SET POLICY" WITH RESPECT TO APPLICATION OF SAFEGUARDS; SPECIFICALLY, HOW IT COULD DETERMINE THAT

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"TECHNOLOGICAL INFORMATION" CAN BE MADE SUBJECT TO SAFEGUARDS WITHOUT THE "POLICY" BEING SPECIFICALLY CONSIDERED BY BOARD OF GOVERNORS.

8. DISCUSSION OF THESE ISSUES OCCUPIED REST OF DAY, WITH INTERESTING BACK AND FORTH BETWEEN

DDG BITTENCOURT AND MEMBER STATES' REPRESENTATIVES.  
INDIA RETIERATED MOST OF PAKISTAN'S ARGUMENTS AS  
DID REPPRESENTATIVES OF PHILIPPINES AND INDONESIA.  
IN ADDITION, PHILIPPINES, AS NPT PARTY, RAISED  
QUESTION OF TOTAL AMOUNT OF GIFTS-IN-KIND FOR  
1976 AND WHETHER PREFERENCE HAD BEEN GIVEN BY  
PRINCIPAL DONOR TO NPT PARTIES (TO WHICH DDG  
REPLIED IN FULL, LISTING RECIPIENTS OF U.S.  
EQUIPMENT GRANTS AND INDICATING THAT ALL WERE NPT  
PARTIES). NO OTHER NEW IDEAS WERE BROUGHT UP  
BY OTHER DEVELOPING COUNTRIES, ALTHOUGH MOST  
MADE LONG STATEMENTS ON SAME THEMES FOR RECORD.  
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9. IN HIS REPLY TO PAKISTAN'S REP'S QUESTIONS, AS  
WELL AS THOSE OF OTHER DEVELOPING COUNTRIES,  
DDG SAID THAT DETERMINATION OF WHICH PROJECTS  
SHOULD BE FUNDED AND WHICH SHOULD BE "FOOTNOTED"  
WAS ALWAYS BASED ON CONSULTATIONS WITH GOVERNMENTS  
CONERNED REGARDING THEIR PRIORITIES. FULL  
SUBMISSION OF REQUESTS (RATHER THAN PREDETERMINED  
QUOTA FOR EACH COUNTRY) WAS VALUABLE FOR  
SECRETARIAT TO DETERMINE NATURE OF MEMBER'S  
TOTAL PROGRAMS, IN ORDER TO HELP DECIDE WHICH PROJECTS  
COULD BE GIVEN PRIORITY. HE HOPED, HOWEVER, THAT

LONGER TERM PROJECTS WOULD EVENTUATE FROM MORE  
CAREFUL PLANNING IN FUTURE. IN ADDITION, THE  
SELECTION OF CERTAIN PROJECTS FOR INCLUSION IN  
PROGRAM FOR APPROVAL DESPITE INADEQUATE  
FUNDING WAS VALUABLE METHOD OF INFORMING DONOR  
STATES OF NEEDS AND PRIORITIES OF DEVELOPING  
STATES. IN THIS CONNECTION HE MENTIONED PROBLEM  
AGENCY HAD IN USING INCONVERTIBLE CURRENCIES  
CONTRIBUTED BY CERTAIN DONORS. ON SAFEGUARDS HE  
SAID HE EXPECTED BOARD OF GOVERNORS TO PROVIDE  
GUIDELINES, BUT THAT SECRETARIAT HAD SUBMITTED  
ITS OWN DRAFT GUIDELINES IN ORDER TO INFORM  
MEMBERS AND PREPARE FOR REASONED DISCUSSION IN  
BOARD.

10. DEVELOPED COUNTRIES' INTERVNETIONS WERE, ON  
WHOLE, SHORTER AND DESIGNED TO POINT UP OTHER SIDE  
OF QUESTIONS AND ISSUES RAISED BY DEVELOPING  
STATES. FRANCE SAID TA SHOULD NOT BE USED AS  
TRADING OPERATIONS, I.E., PROVISION OF UNSAFEGUARDED  
EQUIPMENT AND KNOW-HOW WHICH WOULD OTHERWISE  
BE PURCHASED UNDER TERMS OF COMMERCIAL

TRANSACTIONS REQUIRING NORMAL SAFEGUARDS. HE  
HELD THAT NON-PROLIFERATION IS THE PRIORITY  
OBJECTIVE OF AGENCY AND SHOULD ALSO BE OBSERVED  
IN PROVISION OF TA. BELGIUM NOTED THAT MUCH  
EQUIPMENT FOR TA WAS WASTED IN RECIPIENT COUNTRIES,  
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AND THAT TA PROGRAM SHOULD HAVE REPAIR, MAINTENANCE,  
AND SPARE PARTS FUNDS. FRG NOTED THAT LDC  
ARGUMENTS ON BASIS OF INFLATION AND EXCHANGE RATE  
FLUCTUATIONS WERE NOT RELEVANT TO TERMS OF REF-  
ERENCE OF COMMITTEE, AS THEY WERE OUT OF ITS  
CONTROL. FRG ALSO ASKED WHICH OF RELATIVELY  
AFFLUENT (MEANING OIL PRODUCING) TA RECIPIENTS  
WERE CONTRIBUTING TO AGENCY AT OR ABOVE LEVEL  
THEY WERE REQUESTING FROM AGENCY, ARGUING THAT  
THESE GOVERNMENTS SHOULD STRIVE TO ACQUIRE NET  
DONOR STATUS (POINT SUPPORTED BY UK, U.S., JAPAN,  
AND AUSTRALIA) IF AGENCY WERE LOOKING FOR ADDITIONAL  
TA RESOURCES. IN REPLY TO THIS LATTER POINT, DDG  
GAVE FOLLOWING BREAKDOWN OF OPEC MEMBERS'  
RECOMMENDED LEVELS, PLEDGES, AND REQUESTS FOR TA  
IN 1977 IN U.S. DOLLARS:

COUNTRY	SUGGESTED PLEDGE	ACTUAL PLEDGE	REQUEST
ALGERIA	4,800	0	0
IRAN	12,600	20,000	42,000
IRAQ	3,000	70,000	117,000
KUWAIT	5,400	5,400	7,000
LIBYA	6,600	0	47,000
NIGERIA	6,000	0	78,000
QATAR	1,200	1,200	0
U.A.E.	1,200	1,200	7,000
SAUDI ARABIA	3,600	0	0
VENEZUELA	19,800	0	24,000

11. U.S. STATEMENT PROMISED THAT ERDA TECHNICAL  
DIVISIONS AND NATIONAL LABORATORIES WOULD REVIEW  
PROGRAM AND DELIVER COMMENTS AT LATER DATE. IT  
SUPPORTED PROGRAM AND ITS IMPLEMENTATION WITHOUT  
DELAY, EXCEPT IN THOSE CASES WHERE PROJECTS  
IDENTIFIED AS REQUIRING APPLICATION OF SAFEGUARDS WHICH MUST  
AWAIT CONCLUSION OF APPROPRIATE AGREEMENTS. IT  
SUPPORTED PRINCIPLE OF AGENCY'S RESPONSIBILITY  
TO APPLY SAFEGUARDS UNDER PROVISION OF STATUTE  
WHICH REQUIRES AGENCY TO "ENSURE", SO FAR AS IT IS  
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ABLE, THAT ASSISTANCE PROVIDED BY IT OR AT ITS REQUEST OR UNDER ITS SUPERVISION OR CONTROL IS NOT USED IN SUCH A WAY TO FURTHER ANY MILITARY PURPOSE". IT FINALLY ANNOUNCED THE U.S. PLEDGE FOR 1977 IN ACCORDANCE WITH INSTRUCTIONS REF A, AND URGED OTHER MEMBERS TO CONTRIBUTE AT OR ABOVE THEIR BASE RATES OF ASSESSMENT AS APPLIED TO

THE TARGET OF \$6.0 MILLION TO ENSURE THAT TARGET WAS MET OR EXCEEDED.

12. MEETING CULMINATED IN ADOPTION OF SUBSTANCE OF PAKISTANI DRAFT "AMPLIFICATION" OF DG'S RECOMMENDATIONS (REF B, PARA 3). TEXT OF APPROVED "AMPLIFICATIONS" FOLLOWS PARA. (C) OF SECRETARIAT DRAFT:

(D) THAT THE COMMITTEE INFORM THE BOARD OF GOVERNORS THAT THE FUNDS EXPECTED TO BE AVAILABLE FOR TECHNICAL ASSISTANCE FOR EXPERT SERVICES AND EQUIPMENT IN 1977 ARE 6.04 PERCENT HIGHER THAN THE CORRESPONDING FIGURE FOR 1976; THAT MEANWHILE THE COST OF EXPERT SERVICES HAS RISEN 16.7 PERCENT AND INFLATION AND EXCHANGE FLUCTUATIONS ARE LIKELY TO CAUSE SUBSTANTIAL ESCALATION IN THE COST OF EQUIPMENT. CONSEQUENTLY, THE ACTUAL PROVISION OF TECHNICAL ASSISTANCE FACES A DECLINE BELOW THE 1976 LEVEL.

(E) THAT THE COMMITTEE RECOMMENDS THAT THE BOARD OF GOVERNORS CONSIDER APPROPRIATE EFFECTIVE MEASURES TO SECURE THE EXTRA RESOURCES NECESSARY TO PREVENT AND REVERSE THE PROSPECTIVE DECLINE IN TECHNICAL ASSISTANCE PROVISION IN 1977".

13. COMMENT: CONSIDERABLE ATTENTION WAS GIVEN BY U.S. REP TO WORDING OF "AMPLIFICATION" SO AS NOT TO INDICATE ANY IMPLICATION THAT FUNDS FOR TA  
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COULD BE CONSIDERED "ASSESSED" BY AGENCY'S BOARD OF GOVERNORS. USE OF TERM "RESOURCES" IN PARA. (E) WAS INSERTED BY U.S. REP (IN PLACE OF "FUNDS")

TO ALLOW FUTURE STATEMENT THAT LARGE U.S. IN-KIND  
CONTRIBUTION FOR 1977, (REF C) WILL, INDEED  
"PREVENT AND REVERSE PROSPECTIVE DECLINE" IN 1977  
PROVISION OF AGENCY TA. STONE

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## Message Attributes

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